

Message Text

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ORIGIN COME-00

INFO OCT-01 EA-09 ISO-00 AID-05 CIAE-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 OMB-01 STR-04 TAR-01 L-03 /068 R

DRAFTED BY COM/IEPR/OTP:RMKLEIN

APPROVED BY EB/OCA/CM/EMCKEON

COM/BIC/OIM:MAKELLEHER (DRAFT)

EA/ROC/KJWEAVER

EA/ROC:KLWEAVER (DDPHONE)

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R 142259Z AUG 75

FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI

UNCLAS STATE 193409

E.O. 11652:N/A

TAGS: ETRD, TW

SUBJECT: ROC IMPORT DUTIES ON ELECTRICAL APPLIANCES: LAI
FU TRADING CO. CASE

REF: STATE 113702

1. COMMERCE (KLEIN) HAS RECEIVED TELEX FROM MR. CHARLES
C. REHFELDT, EXECUTIVE VICE PRESIDENT, LAI FU TRADING CO.,
INDICATING THAT TAIPEI PRESS REPORTS THAT FURTHER TARIFF
INCREASES ON "LUXURY ITEMS" UNDER ACTIVE CONSIDERATION.
REHFELDT NOTES THAT COMMERCIAL ATTACHE GRANT HAS HAD DIS-
CUSSION WITH DIRECTOR, BOARD OF FOREIGN TRADE, BUT ADDS:
"NOTHING HAPPENS THAT ROUTE. AS STATED OFTEN, U.S.A.
MUST TAKE MATTER INVOLVED DIRECTLY UP WITH MINISTERS K.T.
LI AND Y.S.SUN, ALSO DEPUTY DIRECTOR GENERAL OF CUSTOMS,
T.Y. LIU (WHO IS EFFECTIVE ON SUCH MATTERS), TO STOP ACTION
BEFORE ENACTMENT, NOT AFTER, AS HAS BEEN THE RECORD TO
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DATE."

2. REHFELDT ALSO REQUESTS THAT COMMERCE TAKE "STOP-GAP ACTION WITH ROC AMBASSADOR SHEN IN WASHINGTON TO PREVENT FURTHER DETERIORATION" RE IMPORTS OF U.S. APPLIANCES, AND ASKS TO BE ADVISED CONCERNING THE "ACTION TAKEN RESULT MY JUNE VISIT WITH YOU AND THIS CURRENT MATTER." (FYI.

APPEARS REHFELDT MAY NOT HAVE RECEIVED KLEIN'S LETTER OF JULY 3, COPY OF WHICH SENT TO GRANT. IF THIS THE CASE, PLEASE PROVIDE REHFELDT WITH COPY. END FYI)

3. REQUEST EMBASSY CONVEY FOLLOWING MESSAGE TO REHFELDT FROM KLEIN:

"REGRET TO LEARN FROM YOUR TELEX OF AUGUST 11 THAT TARIFF SITUATION RE APPLIANCES HAS NOT IMPROVED AND APPARENTLY MAY DETERIORATE FURTHER.

"IN MY LETTER TO YOU OF JULY 3 I NOTED THAT WE WOULD MAKE A POINT OF INDICATING TO THE ROC EMBASSY HERE THE SIGNIFICANCE WE ATTACH TO THIS PROBLEM. SEVERAL DAYS LATER, AT A LUNCHEON WITH ECONOMIC COUNSELOR T. W. HU, WE EXPRESSED OUR CONCERN ALTHOUGH WE RECOGNIZE THAT FORMAL CHANNEL FOR U.S. REPRESENTATION IS THROUGH AMERICAN EMBASSY IN TAIPEI.

"IN LIGHT OF YOUR LATEST REPORT, COMMERCE AND STATE ARE REQUESTING OUR EMBASSY TO DISCUSS PROBLEM WITH CUSTOMS DEPUTY DIRECTOR GENERAL LIU AND, IF APPROPRIATE, WITH MINISTER LI AND/OR MINISTER SUN, WITH DUAL PURPOSE OF SEEKING PREVENT ADDITIONAL TARIFF INCREASES AND HOPEFULLY ACHIEVING SOME MODEST TARIFF REDUCTIONS. BEST REGARDS."

4. ACTION REQUESTED: ESPECIALLY IF GROC IS IN FACT CONTEMPLATING FURTHER TARIFF INCREASES ON TV SETS AND OTHER APPLIANCES, BELIEVE THIS CASE WARRANTS HIGHER LEVEL APPROACH THAN HAS SO FAR BEEN MADE. REGARDLESS OF ROC REASONS FOR PAST AND POSSIBLY PROSPECTIVE TARIFF INCREASES, IN VIEW OF MASSIVE U.S. IMPORTS OF ELECTRONIC PRODUCTS FROM ROC, STATE OF U.S. ECONOMY, AND TEMPER OF U.S. UNCLASSIFIED

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CONGRESS, IT WOULD BE IN ROC OVERALL INTEREST NOT ONLY TO CONSIDER DEFERRING SOME IMPORT DUTY INCREASES BUT TO REDUCE TARIFF PARTICULARLY ON TV SETS TO RATE IN EFFECT PRIOR TO LAST DUTY CHANGE (I.E., TO 45 PERCENT). APPRECIATE EMBASSY REPORT ON CURRENT SITUATION AND ACTION TAKEN. KISSINGER

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Disposition History: n/a
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Drafter: RMKLEIN
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Margaret P. Grafeld
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